

Without plan, we'll lose edge

By Mark Miles

Imagine trying to play basketball without a hoop. Or drive a car with four flat tires. It's like trying to grow our distribution, transportation and logistics industries without a first-class highway system -- the kind of infrastructure that's funded by Gov. Mitch Daniels' Major Moves initiative.

It's estimated that more than 10 percent of our gross state product is spent moving freight and managing supply chains. Indiana's distribution/transportation/logistics sector (DTL) employs more than 250,000 Hoosiers. Another 75,000 DTL workers have jobs within manufacturing operations across the state. According to Purdue University research, these positions pay about \$37,000 a year, well above our average annual wage.

Indiana's position as the "Crossroads of America" has given us a natural advantage in attracting these jobs. But without an aggressive infrastructure plan, we'll lose our edge -- and start losing good-paying jobs. Major Moves is the only realistic plan that addresses Indiana's infrastructure needs.

One of Indiana's strengths has always been our central location. With 75 percent of the populations of the U.S. and Canada within one day's drive, we rank among the top five states in total inbound and outbound freight. We're first in interstate highway access, in the top 10 in rail miles, and in the top 15 in maritime shipping. The Indianapolis International Airport ranks in the top 10 in air freight shipments. But behind these impressive statistics, Indiana is challenged by the erosion of our transportation infrastructure.

Since 1970, traffic in Indiana has increased by 150 percent, and freight loads have increased by 600 percent. At the same time, new road miles have increased by just 6 percent. Congestion has increased dramatically, and with freight traffic on highways expected to double by 2020, the problem isn't getting any better. At the same time, Indiana faces a \$2.8 billion deficit in transportation funding. According to the Center for Urban Policy and the Environment, the state already spends \$76.27 less per capita than the national average on highways. Many critical projects are stalled or on the budgetary chopping block for lack of funds. Neglecting our highways means missing opportunities. For example, Indiana has a booming warehousing and distribution industry. In Greater Indianapolis alone, more than 7 million square feet of bulk warehousing space came on line in the last two years, with 10 million more in the planning stages. Without an accessible, efficient transportation system, these operations could fade away, taking jobs from construction worker to forklift operator to high-paid supply chain manager with them.

In Chicago, overcrowded highways and rail yards could push DTL business into Northwest Indiana, but only if we have the infrastructure to support it. In Central Indiana, the expansion of FedEx and the arrival of the new Airbus 380 could boost our position as a global freight hub -- but good roads are also essential to realizing this vision.

The Major Moves proposal will help us capitalize on these opportunities and create new jobs. From 1998-2003 (the most recent available statistics), Indiana gained nearly 24,000 transportation jobs, even as the state suffered through a recession with a net loss of more than 100,000 jobs. Looking ahead nationally, DTL employment is projected to keep growing; in 2006, for example, more than 160,000 openings for logisticians (supply chain managers) are expected, with an average salary of \$57,110. These are jobs Indiana can compete for and win.

Major Moves proposes a long-term lease of the Indiana Toll Road to fund key highway projects and opens the door to future privatization deals. Such public-private partnerships are now commonplace across the nation; each proposal should be evaluated as a business decision seeking the best value for Indiana taxpayers. In this case, a private consortium has offered \$3.85 billion for the Toll Road lease, a number that exceeded expectations. No other alternative yet offered has provided the amount of capital necessary to undertake the sweeping road improvements envisioned by Major Moves starting now, not incrementally over time.

The cost of doing nothing is far greater than the risk of doing something new. The legislature should approve Major Moves.

Miles is president and CEO of the Central Indiana Corporate Partnership.